

MINUTES OF THE MEETING  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

October 26, 2005

**MEMBERS PRESENT:** David Shane, Chair; Ryan C. Kitchell, Vice Chairman; Lance Rhodes; William Lister; Sue Scholer; Kenneth Metzger; and Kelly Borrer.

**ALSO PRESENT:** Lynda Hanna, John Pease, and Bob Kocher, JP Morgan; Brenda Horn, Susan Price, and Kristin McClellan, Ice Miller; Al Evans, Merrill Lynch; Michael Brown, Citigroup; Marvin Pembler, Alan Nelson, Clarian Health; John Ridenour, Crowe Chizek; Scott Fessler, US Bank; Clark Byrum, Ross & Sinclair; John Meade, Hall Render; Gerald W. Ferrell, The GMS Group, L.L.C.; Alan Feldbaum, Barnes & Thornburg; Curt Fritsch, CRF Financial Group; Dan Davis, Trinity Health; Art Henkel, Bear Stearns; John Renken, Miller, Canfield, Paddock and Stone, P.C.C.; Rachelle Lore; Amy Corsaro; and Dan Kramer.

The Chairman welcomed those in attendance, recognized the presence of a quorum and called the meeting to order at 11:00 a.m. on October 26, 2005, in Suite 900, One North Capitol, Indianapolis, Indiana, pursuant to notice thereof.

The Chairman asked for approval of the Minutes of the September 28, 2005, meeting of the Indiana Health and Educational Facility Financing Authority. Thereupon, upon motion made by Mr. Lister and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, the Minutes of the September 28, 2005, meeting of the Indiana Health and Educational Facility Financing Authority are hereby approved and the Executive Director is instructed to execute same and to place same in the Minute Book as the Minutes of the September 28, 2005, Meeting of the Indiana Health and Educational Facility Financing Authority.

Mr. Shane then checked with the board in regards to the acceptability of the scheduled November 16, 2005 meeting, all were agreeable to that date. The date of the December meeting was brought up as it falls between the Christmas and New Years holidays. It was unanimously decided that the December meeting be moved to December 14, 2005 in recognition of this scheduling conflict.

Mr. Rhodes was then introduced by Mr. Shane to give a follow up presentation in regards to the Report on Health Care Needs/Capacities in Indiana. Mr. Rhodes informed the Authority that currently there are a proper number of acute care facilities in the state of Indiana. Mr. Rhodes also pointed out that there is an initiative in place, INShape Indiana (Exhibit A), intended to have a positive impact on the overall lives and health of the State.

Mr. Shane then asked for the Executive Director's Report.

#### EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's Report is attached hereto as Exhibit B.

The Executive Director began his report with a continuation of the discussion regarding necessary and helpful. Included in the meeting packet was a Memorandum on Interpretation of "necessary or helpful" written by Ms. Corsaro. Mr. Kramer pointed out that this memorandum only pertains to health facility financings. Beginning in 1985, the Certificate of Need (CON) for acute care facilities, which is granted by the Indiana Department of Health, was no longer required as a condition to expand. This Authority, therefore, only had the benefit of the CON as an aid in its decision making process for the first several years of its existence. Mr. Kramer pointed out that a recent Indianapolis Business Journal Power Breakfast discussion was held among recognized experts of the state's medical and health insurance fields and they were unable to come to a consensus as to what is necessary in terms of health care facility construction. All members agreed with Mr. Shane's suggestion to make this Memorandum an active advice document from counsel to be addressed as needed.

The Executive Director continued his report by bringing the revised Application for Financing - Hospital/Health Systems to the board's attention. The only significant changes in this application were on the second page, a request for an explanation of the project being necessary or helpful, as well as a request for a schedule of estimated, all inclusive, sources and uses of funds. The schedule will help give a better rounded picture of the intentions of the Borrower to help clear up any confusion in the future.

Thereupon, upon motion made by Mr. Lister and seconded by Mr. Kitchell, it was unanimously:

**RESOLVED**, that the revised Application for Financing - Hospital/Health Systems before this meeting of the Indiana Health and Educational Facility Financing Authority is hereby approved in the form submitted with the addition of the primary contact's email address.

A copy of the Application is attached hereto as Exhibit C.

The Executive Director continued his report with the next item on the Agenda, the Final Resolution for American Eagle LifeCare in an amount not to exceed \$19,000,000. American Eagle LifeCare was before the Authority in August to obtain preliminary approval. Mr. Kramer introduced Alan Feldbaum, Barnes & Thornburg, bond counsel, and Wayne Tush, Manager of Facilities, to discuss the Resolution. The Executive Director pointed out to Members that included in their meeting packets were the financial advisor report and feasibility study done by Mike Tym of Ponder & Co., and Jim Ridenour of Crowe Chizek, respectively.

Mr. Feldbaum began by introducing Gerard Farrell, Senior Vice President of the GMS Group, L.L.C., and John Meade, local counsel for American Eagle LifeCare. Mr. Feldbaum continued by informing Members that no plans in financing have changed from the Preliminary Resolution, and that he would be happy to answer any questions. Mr. Tym told Members that the FA report came to the same conclusions as it had previously.

Mr. Lister questioned the availability of the current appraisal of the facility that was to be completed prior to the October meeting. Mr. Farrell informed Members that the appraisal of facilities was currently \$18,100,000 and the appraisal would be available after the meeting.

Mr. Shane asked Mr. Feldbaum if any changes in documentation to which Mr. Feldbaum replied in the negative. There were no further questions.

Thereupon, upon motion made by Mr. Lister and seconded by Ms. Scholer, it was unanimously:

**RESOLVED**, the Final Resolution Authorizing the Issuance of the Indiana Health and Education Facility Financing Authority Health Care Revenue Bonds (American Eagle LifeCare Project), in the principal amount not to exceed \$19,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit D.

The Executive Director then continued with the next item on the agenda, the application, Preliminary Resolution, and Final Resolution for Clarian Health Partners in an amount not to exceed \$350,000,000. Clarian Health Partners was initially here in May, appearing before the previous Authority, to discuss this transaction. He introduced Brenda Horn, bond counsel, and Alan Nelson, Treasurer of Clarian Health Partners, to discuss the resolution.

Ms. Horn began by introducing Marvin Pembler, Senior Vice President of Finance, Mike Brown of Citigroup, and Al Evans of Merrill Lynch, underwriters for this transaction. Ms. Horn reminded Members that this was originally discussed in May, and the purpose of this issue is to refund bonds that were initially issued in 1996 and 2000. She is working with MBIA and FSA for insuring the bonds. They will be AAA rated auction rate securities. This transaction will allow for approximately \$30,000,000 in savings over the life of the bond issue. Ms. Horn then asked if there were any questions.

Mr. Shane made certain that this transaction was purely for refunding and that no new building was going to be taking place, to which Ms. Horn answered in the affirmative. Mr. Shane then asked Ms. Horn if the previous Authority had asked any questions about this refunding that the current Authority should know the answer to, to which Ms. Horn answered in the negative. There were no further questions.

Thereupon, upon motion made by Ms. Scholer and seconded by Mr. Lister, it was unanimously:

**RESOLVED**, the Final Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Hospital Revenue Bonds, Series 2005 (Clarian Health Partners, Inc.), in the principal amount not to exceed \$350,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit E.

The Executive Director then continued with the next item on the agenda, the Final Resolution for the Trinity Health Corporation in an amount not to exceed \$35,000,000. The Executive Director pointed out that included in the meeting packets was a black lined resolution that changes the maximum term from 30 to 36 years. All other portions of the resolution are unchanged. The Executive Director then introduced Mr. Dan Davis from Trinity Health and John Renkin, Miller Canfield, bond counsel.

Mr. Davis reiterated that the Resolution was unchanged except for the maximum term increasing from 30 to 36 years, reflecting the useful life expectancy of the equipment to be purchased. The closing for this transaction was planned to be mid-November. He then introduced Mr. Renkin to go through the changes in the Resolution.

Mr. Renkin reminded Members that this transaction is all for new money, and that at September's meeting it the purpose of the financing was discussed in detail. The only change was to be the increase in the term of the bonds in response to the longer useful life of the equipment. The issuance would go out as auction rate securities and there would be no negative impact caused by the increase in the term. Closing was scheduled for November 17, 2005. Mr. Renkin then asked if there were any questions.

Mr. Shane verified that the increase in term was to match up with useful life, to which Mr. Renkin answered in the affirmative. Mr. Kitchell then asked if there was a plan to swap out the variable rate to a fixed rate, to which Mr. Davis answered in the negative. There were no further questions.

Thereupon, upon motion made by Ms. Borrer and seconded by Mr. Metzger, it was unanimously:

**RESOLVED**, the Final Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Variable Rate Revenue Bonds (Trinity Health Credit Group) Series 2005, in one or more series, in an aggregate principal amount not to exceed \$35,000,000, and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit F.

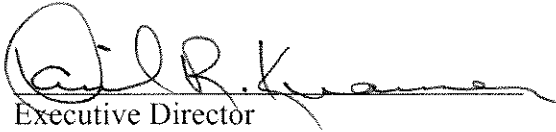
The Executive Director then reminded the Members that included in their packets is the October Cash and Investment Report. Mr. Kitchell clarified that the grand total number is

excess cash of which most is above operating cost needs, to which the Executive Director answered in the affirmative.

The Executive Director concluded his report.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Executive Director